The 19th News

Financial Statements

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For the Years Ended
December 31, 2021 and 2020

MAGNUS
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Table of Contents

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CPAs & Business Advisors

Independent Auditors' Report

To the Board of Directors
The 19th News
Austin, Texas

Opinion

We have audited the accompanying financial statements of The 19th News (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The 19th News as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The 19th News and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The 19th News' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The 19th News' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The 19th News' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Magnus Blue LLP

October 18, 2022
San Marcos, California

The 19th News
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 10,422,722	$ 7,761,465
Accounts receivable	128,668	96,323
Promises to give, net	4,798,705	2,008,833
Prepaid expenses	100,394	51,532
Short-term investments	50,000	99,221
Total Current Assets	15,500,489	10,017,374
Promises to Give, Net	5,915,122	2,439,819
Property and Equipment, Net	149,016	219,936
Other Assets		
Deposit	19,933	5,872
Total Assets	$ 21,584,560	$ 12,683,001
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 18,764	$ 12,297
Accrued payroll	20,857	0
Accrued liabilities	9,469	60,965
Deferred revenue	135,000	5,000
Paycheck Protection Program loan	0	93,345
Total Liabilities	184,090	171,607
Net Assets		
Without donor restrictions	8,297,148	7,780,127
With donor restrictions	13,103,322	4,731,267
Total Net Assets	21,400,470	12,511,394
Total Liabilities and Net Assets	$ 21,584,560	$ 12,683,001

See accompanying notes and independent auditors' report.

The 19th News
Statement of Activities
For the Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue and Support			
Contributions: grant income and major gifts	$ 1,863,992	$ 10,665,000	$ 12,528,992
Sponsorships and events	1,397,844	0	1,397,844
Membership contributions	502,708	0	502,708
Paycheck Protection Program loan forgiveness	93,375	0	93,375
Investment income	18,930	0	18,930
	3,876,849	10,665,000	14,541,849
Net Assets Released from Restriction	2,292,945	(2,292,945)	0
Total Revenue and Support	6,169,794	8,372,055	14,541,849
Expenses			
Program services	4,087,427	0	4,087,427
Support services:			
Management and general	791,175	0	791,175
Fundraising	774,171	0	774,171
Total Expenses	5,652,773	0	5,652,773
Change in Net Assets	517,021	8,372,055	8,889,076
Net Assets at Beginning of Year	7,780,127	4,731,267	12,511,394
Net Assets at End of Year	$ 8,297,148	$ 13,103,322	$ 21,400,470

See accompanying notes and independent auditors' report.

The 19th News
Statement of Activities
For the Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue and Support			
Contributions: grant income and major gifts	$ 3,762,684	$ 5,658,000	$ 9,420,684
Sponsorships and events	774,000	0	774,000
Membership contributions	662,757	0	662,757
Investment income	24,483	0	24,483
	5,223,924	5,658,000	10,881,924
Net Assets Released from Restriction	2,561,733	(2,561,733)	0
Total Revenue and Support	7,785,657	3,096,267	10,881,924
Expenses			
Program services	1,996,284	0	1,996,284
Support services:			
Management and general	461,680	0	461,680
Fundraising	620,949	0	620,949
Total Expenses	3,078,913	0	3,078,913
Change in Net Assets	4,706,744	3,096,267	7,803,011
Net Assets at Beginning of Year	3,073,383	1,635,000	4,708,383
Net Assets at End of Year	$ 7,780,127	$ 4,731,267	$ 12,511,394

See accompanying notes and independent auditors' report.

The 19th News
Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Personnel	$ 3,087,173	$ 676,182	$ 616,054	$ 4,379,409
Contract services	451,066	4,356	4,500	459,922
Information technology	166,589	16,210	11,203	194,002
Events	137,811	12,000	0	149,811
Occupancy	86,433	15,874	9,224	111,531
Depreciation	80,213	0	0	80,213
Bad debt	0	0	75,290	75,290
Travel and meals	33,612	7,620	16,262	57,494
Bank service and platform charges	35	5,005	41,096	46,136
Marketing and advertising	32,639	0	184	32,823
Legal services	7,267	16,346	0	23,613
Insurance	0	19,711	0	19,711
Accounting services	0	15,135	0	15,135
Office	4,589	2,736	358	7,683
Total Expenses	$ 4,087,427	$ 791,175	$ 774,171	$ 5,652,773

	2020			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Personnel	$ 1,440,887	321,697	434,099	$ 2,196,683
Events	157,586	0	53	157,639
Information technology	110,912	10,878	15,072	136,862
Marketing and advertising	125,031	0	712	125,743
Professional fundraising services	0	0	110,203	110,203
Contract services	81,229	0	0	81,229
Bank service and platform charges	0	3,445	52,577	56,022
Occupancy	0	46,737	0	46,737
Depreciation	36,993	0	0	36,993
Accounting services	0	30,417	0	30,417
Travel and meals	19,779	235	6,954	26,968
Legal services	0	24,747	0	24,747
Office	14,682	4,872	1,279	20,833
Insurance	0	15,291	0	15,291
Miscellaneous	9,185	3,361	0	12,546
Total Expenses	$ 1,996,284	$ 461,680	$ 620,949	$ 3,078,913

See accompanying notes and independent auditors' report.

The 19th News
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	$ 8,889,076	$ 7,803,011
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	80,213	36,993
Discount on promises to give	75,290	53,515
Donated securities	(29,215)	(54,713)
Net investment loss	(4,810)	5,492
Paycheck Protection Program loan forgiveness	(93,345)	0
Change in operating assets and liabilities:		
Accounts receivable	(32,345)	(96,323)
Promises to give, net	(6,340,465)	(4,014,261)
Prepaid expenses	(48,862)	(55,404)
Deposit	(14,061)	0
Accounts payable	6,467	12,297
Accrued payroll	20,857	0
Accrued liabilities	(51,496)	49,553
Deferred revenue	130,000	5,000
Net Cash Provided by Operating Activities	2,587,304	3,745,160
Cash Flow from Investing Activities:		
Purchase of property and equipment	(9,293)	(256,929)
Proceeds from sale of securities	83,461	0
Purchase of investments	(215)	(50,000)
Net Cash Provided by (Used in) Investing Activities	73,953	(306,929)
Cash Flow from Financing Activities		
Proceeds from Paycheck Protection loan	0	93,345
Net Cash Provided by Financing Activities	0	93,345
Net Increase in Cash and Cash Equivalents	2,661,257	3,531,576
Cash and Cash Equivalents, Beginning of Year	7,761,465	4,229,889
Cash and Cash Equivalents, Ending of Year	$ 10,422,722	$ 7,761,465

See accompanying notes and independent auditors' report.

Note 1: Nature of Organization

The 19th News (the "Organization") was incorporated on August 1, 2019 as an independent, nonprofit news organization reporting on gender, politics, and policy. The Organization's mission is to empower those we serve – particularly women, women of color and the LGBTQ+ community — with the information, resources, and community they need to be equal participants in our democracy. The Organization publishes stories via its own website (www.19thnews.org), social media platforms (including Instagram, Facebook, Twitter, and LinkedIn), email newsletters and partner platforms.

The Organization is focused on building an audience and supporting its members by providing:

- Deep-dive, evidence-based reporting that exposes gender inequity and injustice, and reveals surprising and original stories on the issues that most deeply affect our readers' lives.
- Free-to-consume and free-to-republish journalism that reimagines politics and policy coverage through a gender lens. The Organization's stories have appeared in dozens of print, online and broadcast media outlets across the country.
- A digital platform for civil conversations and community, and live events that bring our readers into direct contact with experts, community leaders and elected officials.
- A newsroom that reflects the diversity of American voters, and is devoted to covering everyone with empathy.

Note 2: Significant Accounting Policies

New FASB Accounting Standards Adopted: On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The amendment in this update clarifies and improves current guidance about whether a transfer of assets (or reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The Organization adopted this update in ASC 958 on January 1, 2020. There was no material impact on the Organization's financial position, results of operations or cash flows upon adoption of the update.

In May 2014, FASB issued ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in Topic 605. ASU 2014-09 provides that each transaction with a customer be viewed as a contract with one or more performance obligations. When applying this principle, management quantifies the portion of revenue in the contract applicable to each performance obligation. The Organization adopted this update on January 1, 2020. The adoption of ASC 606 did not materially impact the Organization's financial position, results of operations or cashflows upon adoption of the new standard.

Financial Statement Presentation: Financial statement presentation follows the recommendations of generally accepted accounting principles (GAAP) for nonprofit organizations. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions, based on the following criteria:

Note 2: Significant Accounting Policies (Continued)

Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and board of directors.

Net assets with donor restrictions consist of contributed funds subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

When a restriction is met or expires, net assets are released from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents: The Organization considers all highly liquid investments available for current uses with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable: Accounts receivable consist of sponsorships and memberships that arise in the normal course of operations. It is the policy of management to review the outstanding receivables at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at December 31, 2021 because management believes that all amounts are collectible.

Promises to Give: Pledge receivables are recorded at the amount the Organization expects to receive from donors, comprised of pledges and grants receivable. Pledge receivable balances include amounts pledged over a period of one to five years. The Organization records a discount to reflect the present value of receivables using approximate market rates applicable to the years in which the pledge is included in contribution revenue.

Pledges or grants expected to be collected in the same fiscal year as the date the unconditional promises were received are recorded as revenue without donor restrictions, unless restricted by donor stipulation for a specific purpose. The Organization determined the allowance for uncollectable promises to give based on a review of subsequent collections. At December 31, 2021 and 2020, the allowance was $74,440 and $41,150, respectively.

Investments: Investments purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, and less external investments expenses.

Note 2: Significant Accounting Policies (Continued)

Property and Equipment: Acquisitions of property and equipment of $5,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Revenue Recognition: The Organization recognizes contributions when cash, securities, other assets, or unconditional promises to give or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization has no conditional promises to give as of December 31, 2021 and 2020. When an unconditional promise to give spans multiple years, the total amount of the contribution for all years is recognized as revenue on the date of the unconditional promise.

Membership donations are non-refundable therefore, they are considered “contributions” and recognized when cash is received.

Revenue from sponsorship and events are recognized when services are provided. Funds received in advance (for an exchange transaction prior to the performance obligation being satisfied) are recorded as deferred revenue in the statements of financial position. Changes in contract balances are further discussed in Note 7.

Donated Services and Goods: Contributions of services are recorded at their fair value in the period received. Contributions of services create or enhance non-financial assets and typically require specialized skills provided by entities or persons possessing those skills that would need to be purchased if they were not donated. Contributions of tangible assets are recognized at fair value when received. The Organization did not receive any donated services or goods for the years ended December 31, 2021 and 2020.

Functional Allocation of Expenses: The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time and effort and estimates made by the Organization's management.

Note 2: Significant Accounting Policies (Continued)

Expenses that are allocated include the following:

Expense	Method of Allocation
Personnel	Time and effort
Contract services	Time and effort
Occupancy	Management estimate
Information technology	Management estimate
Marketing and advertising	Management estimate

Advertising: Advertising costs are expensed as incurred. Advertising expense was and $30,860 and $125,743 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes: The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Organization did not incur any significant tax liabilities due to unrelated business income during the years ended December 31, 2021 and 2020.

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information that is currently available and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates due to risk and uncertainties.

New FASB Accounting Standards to Be Adopted in the Future: In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The new standard is effective for the year ending December 31, 2022 (as extended by ASU 2020-05). The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Note 2: Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU 2020-07 Not-for-Profit Entities (Topic 958) *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires for presentation of contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. The new standard is effective for the year ending December 31, 2022. There will be no material impact on the Organization's financial position, results of operations or cash flows upon adoption of the new standard.

Financial Statement Presentation: Certain accounts for 2020 have been reclassified to conform to the current year presentation. The classifications have no effect on change in net assets for the year ending December 31, 2020.

Management's Review of Subsequent Events: The Organization has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to December 31, 2021 that would require adjustment to, or disclosure in these financial statements.

Note 3: Liquidity and Funds Available

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Organization has a goal to obtain and maintain 24 months of expenses in cash and investments. Further, there is a need to increase journalism coverage to attract more readers, newsletter subscribers and supporters to effectively fulfill the mission. The Organization balances these two objectives to achieve both prudent growth and sustainability/cash reserves. The Organization considers 12 months of current expenses in cash and investments as its minimum acceptable level. The Organization takes steps to minimize capital risk on its excess cash and investments which are held in major money-market funds invested in U.S. Government backed securities.

Financial assets available for general expenditures within one year at December 31, 2021 and 2020, consist of the following:

	2021	2020
Financial assets		
Cash and cash equivalents	$ 10,422,722	$ 7,761,365
Accounts receivable, net	128,668	96,323
Promises to give, due in one year	4,798,705	2,008,833
Certificate of deposit	50,000	50,000
Short-term investments	0	49,221
Less donor restriction	(1,693,054)	(341,865)
Total financial assets available for general expenditures within one year	$ 13,707,041	$ 9,623,877

Note 4: Promises to Give (Pledges Receivable)

The Organization considers net assets with donor designations for general budget, editorial, and educational expenditures as available for use within the next twelve months.

Pledges receivable at December 31, 2021 and 2020 consist of the following:

	2021	2020
Receivable in less than one year	$ 4,853,705	$ 2,008,833
Receivable in one to five years	6,035,333	2,493,334
	10,889,038	4,502,167
Less allowance for uncollectible accounts	(74,440)	(41,150)
Less discount to net present value at 5.75% and 3.75%, respectively	(100,771)	(12,365)
Total financial assets available for general expenditures within one year	$ 10,713,827	$ 4,448,652

At December 31, 2021 and 2020, two donors accounted for 53% and 81% of total promises to give. One contributor accounted for approximately 31% percent of total contribution revenues for the year ended December 31, 2021. Two contributors accounted for approximately 42% of total contribution revenue for the year ended December 31, 2020.

Note 5: Investment and Fair Value Disclosures

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1 inputs* are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- *Level 2 inputs* (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.
- *Level 3 inputs* are unobservable for the asset or liability and rely on management's own estimates about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

Note 5: Investment and Fair Value Disclosures (Continues)

Money market mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Marketable securities including publicly traded investments such as domestic and foreign equity, mutual funds and government and corporate obligations that trade on an active exchange are classified within Level 1.

The following table presents the Organization's Level 1 investments by fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021 and 2020. There were no Level 2 nor 3 financial instruments as of December 31, 2021 and 2020.

	2021	2020
Cash equivalents – certificate of deposit	$ 50,000	$ 50,000
Equity securities	0	49,221
	$ 50,000	$ 99,221

Note 6: Property and Equipment

Major classes of property and equipment as of December 31, 2021 and 2020 consists of the following:

	Useful Life	2021	2020
Software and computer equipment	2-3 years	$ 248,200	$ 256,929
Furniture	7 years	18,022	0
		266,222	256,929
Less: accumulated depreciation		(117,206)	(36,993)
		$ 149,016	$ 219,936

Depreciation expense for the years ending December 31, 2021 and 2020 was $80,213 and $36,993, respectively.

Note 7: Contract Balances

The changes in contract-related assets and liabilities for the year ended December 31, 2021 consists of the following:

	Accounts Receivable	Deferred Revenue
Balance at January 1	$ 96,323	$ 5,000
Balance at December 31	128,668	135,000
Increase	$ 32,345	$ 130,000

The changes in contract-related assets and liabilities for the year ended December 31, 2020 consists of the following:

	Accounts Receivable	Deferred Revenue
Balance at January 1	$ 0	$ 0
Balance at December 31	96,323	5,000
Increase	$ 96,323	$ 5,000

As stated in Note 2, revenue from sponsorship and events are recognized when events occur. Funds received in advance are recorded as deferred revenue in the statements of financial position.

Note 8: Paycheck Protection Program Loan

In April 2020, the Organization received a loan under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of $92,700. This loan provided relief and resources to fund payroll and certain other expenses. The loan was guaranteed by the Small Business Administration (SBA) and contained provisions for forgiveness if certain criteria were met. On August 18, 2021, the Organization was approved for full loan forgiveness (including interest of $645) and recorded the proceeds in the statements of activities for the year ending December 31, 2021.

Note 9: Net Assets with Donor Restrictions

Net assets released from donor restrictions upon satisfaction of donor specifications follow:

	2021	2020
Passage of time	$ 1,776,409	$ 2,008,598
Program specific	516,536	313,135
Event specific	0	240,000
Total restrictions released	$ 2,292,945	$ 2,561,733

Net assets with donor restriction at December 31, 2021 and 2020 follow:

	2021	2020
Passage of time	$ 8,059,993	$ 4,339,402
Program specific	5,043,329	391,865
Total net assets with donor restrictions	$ 13,103,322	$ 4,731,267

Note 10: Commitment - Operating Leases

On July 31, 2020, the Organization entered into a sub-lease assignment to rent 2,122 square feet of office space in Austin, Texas for an average rent of $9,140 per month from August 1, 2020 to September 30, 2021.

On August 16, 2021, the Organization entered into a lease agreement to rent office space in Austin, Texas, commencing on November 1, 2021. The lease includes a scheduled base rent increase of 3%, annually, currently at $12,276. The lease expires on November 1, 2024, with an option to extend for three years.

Lease expense for the years ending December 31, 2021 and 2020 was $91,129 and $45,076, respectively.

Note 10: Operating Leases (Continued)

Future minimum lease obligations are as follows:

Year Ending December 31,

2022	$	148,052
2023		152,492
2024		143,646
	$	444,190

Note 11: Retirement Plan

Effective February 1, 2020, the Organization established a defined contribution 401(k) retirement plan (the "Plan") for eligible employees. The Plan is an IRS Safe Harbor plan and is administered by a third-party administrator. Substantially all employees who are 21 or older and have worked for at least two months are eligible to participate in the Plan. The Organization makes discretionary employer matching contributions up to 3.5% of the employee's wages. The Organization contributed $108,011 and $45,744 for the years ending December 31, 2021 and 2020.

Note 12: Concentration

Credit Risk: The Organization maintains cash balances at institutions insured by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalents.